

## Frequently asked questions: Senior Health Insurance Company (formerly Consec Senior Health)

### **Background:**

Senior Health Insurance Company of Pennsylvania, formerly known as Consec Senior Health Insurance Company, submitted an application to the Pennsylvania Department of Insurance for approval of Oversight Trust to acquire control of Senior Health. Oversight Trust had earlier merged with Transition Trust.

Some long-term care insurance policies written by Senior Health had been in a “closed block of business” for some time, meaning that no additional policies were being sold for those products. In addition to the money already set aside as a reserve to pay claims for these policies, Senior Health agreed to place an additional \$175 million into the trust to pay claims as these policies gradually phase out.

The acquisition of Senior Health was approved by the Pennsylvania Department of Insurance on Nov. 12, 2008. Since the companies involved are located in Pennsylvania, that state has regulatory authority over the decision.

Senior Health has about 140,000 policyholders with approximately 3,300 in Kentucky.

### **What should policyholders do?**

The acquisition will not affect the status or benefits of your policy. You can maintain your current coverage by continuing to pay the premium.

Should you decide to look for coverage with another insurance company, remember that your age and health status affect both the cost of the coverage and whether your application will be approved. If you decide to seek other coverage, do not cancel your current coverage until you are certain you have a new policy.

According to the Pennsylvania order, Senior Health will be submitting a comprehensive report by the end of June 2009 evaluating the feasibility of a range of one-time contingent nonforfeiture benefit offers for policyholders. This would provide some long-term care coverage if the policyholder allows the policy to lapse after a premium increase.

Kentucky offers a consumer guide to long-term care insurance at <http://doi.ppr.ky.gov/kentucky/fpubs.asp>. Click on *Long-Term Care Insurance Guide* under *Health*. This guide answers basic questions and provides premiums and policy information from a number of companies.

**Will premiums on my Conseco/Senior Health long-term care insurance increase?**

Although the company has told policyholders that costs will not increase as a direct result of this action, it has acknowledged that premiums may rise due to a rating plan already put in place under Conseco.

Under the Pennsylvania Department's order, Senior Health must offer a policyholder certain options to minimize the impact of a rate increase. These options may include a reduction in the daily benefit amount paid under the policy, removal of the inflation protection benefit or an increase in the waiting period before claims are paid. Consumers should weigh these options carefully since the changes would allow for a lower premium but would decrease benefits.

**What happens if the trust runs out of money?**

The Kentucky Life and Health Insurance Guaranty Association provides protection to residents who have coverage with a company that is declared to be insolvent. For more information on the fund, go to <http://www.klhiga.org/>

**Why did Conseco/Senior Health take this action?**

According to documents submitted to Pennsylvania regulators, this was an effort to continue its obligations to the long-term care policyholders who purchased this policy while allowing the company to concentrate on its core businesses.

**What is the Kentucky Department of Insurance doing about this?**

Since Senior Health is not domiciled in the commonwealth, Kentucky did not play an active role in the acquisition, merger or trust arrangements. However, officials in Kentucky have been in contact with regulators in Pennsylvania. The company's actions will be monitored by Kentucky regulators and consumers can file written complaints with the agency if needed.

To file a complaint online, go to

<https://doi.ppr.ky.gov/Kentucky/secured/KOI/consumer/Complaint1.aspx>.

Written complaints also may be mailed to Kentucky Department of Insurance, Consumer Protection and Education, PO Box 517, Frankfort, KY 40602, or faxed to 502-564-6090.

**Who do I call for more information?**

You can call the Kentucky Department of Insurance at 800-595-6053 and press "1" for Consumer Protection. The Pennsylvania Consumer Services can be reached at 1-877-881-6388.